



NOTICE OF 2022 ANNUAL GENERAL MEETING  
AND EXPLANATORY STATEMENT OF PHARMAXIS LTD

TO BE HELD AS A VIRTUAL MEETING ON TUESDAY,  
29 NOVEMBER 2022, AT 10:00 AM (SYDNEY TIME)

TO BE VALID, DULY COMPLETED PROXY FORMS MUST BE RECEIVED BY NO LATER  
THAN SUNDAY, 27 NOVEMBER 2022 AT 10:00 AM (SYDNEY TIME)

**IMPORTANT**

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your professional adviser immediately.

29 October 2022

Dear Shareholder,

The 2022 Annual General Meeting (**Meeting**) of Pharmaxis Ltd (**Company**) will be held as a virtual meeting via live webcast on Tuesday, 29 November 2022, at 10:00 am (Sydney time). The Notice of Meeting along with a Proxy Voting Form are enclosed.

The ordinary business of the Meeting will cover the consideration of the Company's financial statements and remuneration report and the re-election of one of our non-executive directors.

On Wednesday, 19 October 2022, the Company announced that it was undertaking a placement of fully paid ordinary shares (**Shares**) at A\$0.06 per Share to a small group of international and domestic institutional investors to raise A\$10 million (**Placement**). The Placement is being conducted in two tranches:

- an initial placement of 82,370,942 Shares to raise approximately A\$4,942,256, which was completed on 26 October 2022 (**Tranche 1 Placement**); and
- a subsequent placement of an additional 84,295,725 Shares, to raise approximately A\$5,057,743 which, subject to shareholder approval, is anticipated to complete on or about 5 December 2022 (**Tranche 2 Placement**).

The special business of the Meeting includes obtaining shareholder approval in relation to the issue of Shares under the Placement.

The special business of the Meeting will also cover the approval of the annual grant of performance rights to Mr Gary Phillips, our Managing Director and Chief Executive Officer, under our Performance Rights Plan.

The Board recently reviewed the use of equity as part of non-executive director remuneration. The Company is now proposing that non-executive directors be given the flexibility, at their election, to receive their base remuneration wholly in cash (as is currently the case), in a combination of cash and equity or wholly in equity. The equity being in the form of zero grant price and zero exercise price options (**ZEPOs**). Separately, it is also proposed that in addition to their base remuneration, each non-executive director be granted options over ordinary shares that have a nil grant price but an exercise price that is at a 51% premium to market at the time of grant (**NED Options**). The special business will also cover the approval of the potential grants of ZEPOs and the grant of NED Options, to our non-executive directors.

Details of the resolutions to be considered at the Meeting are contained in the Explanatory Statement which accompanies the Notice of Meeting.

Even if you plan to attend the Meeting online, we encourage you to submit a directed proxy vote online by visiting [www.investorvote.com.au](http://www.investorvote.com.au) as early as possible and in any event by no later than 10:00 am (Sydney time) on Sunday, 27 November 2022. Shareholders wishing to ask questions are also encouraged to ask questions of the Company and/or its auditor before the Meeting by emailing questions or any comments to [David.McGarvey@pharmaxis.com.au](mailto:David.McGarvey@pharmaxis.com.au), by no later than Sunday, 27 November 2022.

In the event that it is necessary for the Company to give further updates, information will be provided on the Company's website and lodged with the Australian Securities Exchange.

We look forward to welcoming you at the Meeting.

Yours faithfully



David McGarvey  
Company Secretary and Chief Financial Officer

## **Notice of Annual General Meeting**

Notice is hereby given that the 2022 Annual General Meeting (**Meeting**) of shareholders of Pharmaxis Ltd ABN 75 082 811 630 (**Company**) will be held as a virtual meeting via live webcast on Tuesday, 29 November 2022, at 10:00 am (Sydney time).

### ***Attendance via online platforms***

The Company will be using two separate platforms to conduct the Meeting. To both participate (including to ask questions and make comments) and vote you will need to use both platforms. We recommend logging in to **both platforms** at least 15 to 30 minutes prior to the scheduled start time for the Meeting using the instructions below.

To watch, listen, ask questions and make comments, enter the link to the Zoho platform <https://meet.zoho.com/HLaTtVklW3> into a web browser on your computer. Please use the link after 9:30 am on the day of the Meeting to directly access the Meeting. If you plan to use your mobile device you are encouraged to register in advance using the same link to ensure systems compatibility and, if necessary, download the Zoho app.

To vote in the Meeting, securityholders must use the Computershare Meeting Platform. You can log in by entering the following URL <https://meetnow.global/MLPX7RP> on your computer, tablet or smartphone. Online registration will open 30 minutes before the Meeting. To make the registration process quicker, please have your SRN/HIN ready. Proxyholders will need to contact the Computershare call centre before the Meeting to obtain their login details.

To vote in the Meeting online follow the instructions below.

- Click on 'Join Meeting Now'.
- Enter your SRN/HIN. Proxyholders will need to contact Computershare on +61 3 9415 4024 prior to the Meeting to obtain their login details.
- Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder select the country of your registered holding from the drop down list.
- If you agree to the Terms and Conditions, accept the Terms and Conditions and 'Click Continue'.

You can cast votes at the appropriate times while the Meeting is in progress. For full details on how to log on and vote online, please refer to the user guide available at [www.investorvote.com.au](http://www.investorvote.com.au).

Even if you plan to attend the Meeting online, we encourage you to submit a directed proxy vote online by visiting [www.investorvote.com.au](http://www.investorvote.com.au) as early as possible and in any event by no later than 10:00 am (Sydney time) on Sunday, 27 November 2022.

### ***Questions and comments***

Shareholders and proxyholders can participate during the Meeting by asking questions or making comments verbally and in writing on the Zoho platform. Please note, only shareholders and proxyholders may ask questions or make comments.

It may not be possible to respond to all questions and we may group our response to similar questions. Accordingly, shareholders are encouraged to lodge questions and comments as early as possible prior to the Meeting by email to [David.McGarvey@pharmaxis.com.au](mailto:David.McGarvey@pharmaxis.com.au), ideally by no later than Sunday, 27 November 2022.

**ITEMS OF BUSINESS**

**ORDINARY BUSINESS**

**Financial report, directors' report and auditor's report**

To receive and consider the financial report, directors' report and the auditor's report of the Company for the financial year ended 30 June 2022.

**1. Resolution 1 – Adoption of the Remuneration report**

To consider and, if thought fit, pass the following resolution as an **ordinary** resolution (advisory vote only):

*That the remuneration report of the Company for the year ended 30 June 2022 be adopted.*

**2. Resolution 2 – Re-election of Dr Kathleen Metters as a non-executive director**

To consider and, if thought fit, pass the following resolution as an **ordinary** resolution:

*That Dr Kathleen Metters, who retires and offers herself for re-election as a director of the Company, be re-elected as a non-executive director of the Company.*

**SPECIAL BUSINESS**

**3. Resolution 3 - Ratification of issue of shares under Tranche 1 Placement**

To consider and, if thought fit, pass the following resolution as an **ordinary** resolution:

*That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the issue of 82,370,942 fully paid ordinary shares in the Company at A\$0.06 per share to institutional investors under the Tranche 1 Placement, as described in the Explanatory Statement accompanying this Notice of Meeting, be ratified and approved.*

**4. Resolution 4 - Approval of issue of shares under Tranche 2 Placement**

To consider and, if thought fit, pass the following resolution as an **ordinary** resolution:

*That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 84,295,725 fully paid ordinary shares in the Company at A\$0.06 per share to institutional investors under the Tranche 2 Placement, as described in the Explanatory Statement accompanying this Notice of Meeting.*

**5. Resolution 5 – Approval of the grant of Performance Rights to Mr Gary Phillips, Managing Director and Chief Executive Officer**

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*That, for the purposes of the ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 2,771,000 zero grant price and zero exercise price employee options (**Performance Rights**) to Mr Gary Phillips or his nominee(s) under the Company's Performance Rights Plan, as described in the Explanatory Statement accompanying this Notice of Meeting.*

**6. Resolutions 6a to 6c (inclusive) - Approval of the grant of ZEPOs to non-executive directors**

**a) Resolution 6a - Approval of the grant of ZEPOs to Mr Malcolm McComas, independent non-executive chairman**

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*That, for the purposes of the ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of zero grant price and zero exercise price employee options (ZEPOs) to Mr Malcolm McComas or his nominee(s) under the Company's Option Plan, as described in the Explanatory Statement accompanying this Notice of Meeting.*

**b) Resolution 6b - Approval of the grant of ZEPOs to Dr Neil Graham, non-executive director**

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*That, for the purposes of the ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of ZEPOs to Dr Neil Graham or his nominee(s) under the Company's Option Plan, as described in the Explanatory Statement accompanying this Notice of Meeting.*

**c) Resolution 6c - Approval of the grant of ZEPOs to Dr Kathleen Metters, non-executive director**

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*That, for the purposes of the ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of ZEPOs to Dr Kathleen Metters or her nominee(s) under the Company's Option Plan, as described in the Explanatory Statement accompanying this Notice of Meeting.*

**7. Resolutions 7a to 7c (inclusive) - Approval of the grant of NED Options to non-executive directors**

**a) Resolution 7a - Approval of the grant of NED Options to Mr Malcolm McComas, independent non-executive chairman**

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*That, for the purposes of the ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 3,000,000 options over ordinary shares in the Company (NED Options) to Mr Malcolm McComas or his nominee(s) under the Company's Option Plan with a nil grant price and an exercise price per NED Option that is a 51% premium to the 5 trading day volume weighted average price of the Company's shares (VWAP) prior to the date Mr McComas accepts the offer of such NED Options (which offer would occur promptly following shareholder approval), as described in the Explanatory Statement accompanying this Notice of Meeting.*

**b) Resolution 7b - Approval of the grant of NED Options to Dr Neil Graham, non-executive director**

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*That, for the purposes of the ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 3,000,000 NED Options to Dr Neil Graham or his nominee(s) under the Company's Option Plan with a nil grant price and an exercise price per NED Option that is a 51% premium to the 5 trading day VWAP prior to the date Dr Graham accepts the offer of such NED Options (which offer would occur promptly following shareholder approval), as described in the Explanatory Statement accompanying this Notice of Meeting.*

**c) Resolution 7c - Approval of the grant of NED Options to Dr Kathleen Metters, non-executive director**

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*That, for the purposes of the ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 3,000,000 NED Options to Dr Kathleen Metters or her nominee(s) under the Company's Option Plan with a nil grant price and an exercise price per NED Option that is a 51% premium to the 5 trading day VWAP prior to the date Dr Metters accepts the offer of such NED*

Options (which offer would occur promptly following shareholder approval), as described in the Explanatory Statement accompanying this Notice of Meeting.

## NOTES AND IMPORTANT INFORMATION

### VOTING RESTRICTIONS

**Resolution 1** – Pursuant to the *Corporations Act 2001* (Cth) (**Corporations Act**), a vote on resolution 1 must not be cast:

- a) by or on behalf of a member of the Company's key management personnel (**KMP**) details of whose remuneration are included in the Company's 2022 remuneration report, or any of their closely related parties, in any capacity; or
- b) as proxy, by a person who is a member of the KMP at the date of the Meeting, and their closely related parties.

However, a person described in a) or b) above (the **voter**) may cast a vote on resolution 1 as a proxy for a person entitled to vote on resolution 1:

- a) in accordance with a direction given to the proxy to vote provided by that person; or
- b) if the voter is the Chair of the Meeting and the appointment of the Chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

*Key management personnel* are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Members of the Company's KMP include its directors and certain senior executives.

A *closely related party* of a member of the key management personnel means any of the following:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependant of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- a company the member controls; or
- a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition.

**Resolution 3** – As required by the ASX Listing Rules, the Company will disregard any votes cast in favour of resolution 3 by or on behalf of:

- a) any person who participated in the Tranche 1 Placement (as defined in the Explanatory Statement); or
- b) any associates of any such person.

However, the Company need not disregard a vote cast in favour of resolution 3 by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 4** – As required by the ASX Listing Rules, the Company will disregard any votes cast in favour of resolution 4 by or on behalf of:

- a) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed share issue under the Tranche 2 Placement (as defined in the Explanatory

Statement) (except a benefit solely by reason of being a holder of ordinary shares in the Company); or

- b) any associates of any such person.

However, the Company need not disregard a vote cast in favour of resolution 4 by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - o the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 5** - As required by the ASX Listing Rules and Corporations Act, in respect of resolution 5, the Company will disregard any votes cast:

- a) in favour of resolution 5 by or on behalf of any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Company's Performance Rights Plan or any of their associates; or
- b) on resolution 5 as a proxy by a person who is a member of the KMP at the date of the Meeting or their closely related parties.

However, the Company need not disregard a vote cast by:

- a) a person as proxy or attorney for a person who is entitled to vote on resolution 5, in accordance with directions given to the proxy or attorney to vote on that resolution in that way; or
- b) the Chair of the Meeting as proxy for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides, even if the resolution is connected directly or indirectly with the remuneration of a KMP; or
- c) in favour of the resolution by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on that resolution; and
  - o the holder votes on that resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolutions 6a to 6d (inclusive) and 7a to 7d (inclusive)** - As required by the ASX Listing Rules and Corporations Act, in respect of each of resolutions 6a to 6c (inclusive) and 7a to 7c (inclusive), the Company will disregard any votes cast:

- a) in favour of each of resolutions 6a to 6c (inclusive) and 7a to 7c (inclusive) by or on behalf of any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Company's Option Plan or any of their associates; or
- b) on each of resolutions 6a to 6c (inclusive) and 7a to 7c (inclusive) as a proxy by a person who is a member of the KMP at the date of the Meeting or their closely related parties.

However, the Company need not disregard a vote cast by:

- a) a person as proxy or attorney for a person who is entitled to vote on that resolution, in accordance with directions given to the proxy or attorney to vote on that resolution in that way; or
- b) the Chair of the Meeting as proxy for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on that resolution as the Chair decides, even if that resolution is connected directly or indirectly with the remuneration of a KMP; or
- c) in favour of the resolution by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on that resolution; and
- the holder votes on that resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **VOTING ENTITLEMENTS**

The Company has determined that the shareholders eligible to attend and vote at the Meeting will be the registered holders of ordinary shares in the Company at 7:00 pm (Sydney time) on Sunday, 27 November 2022.

Securities held by or for an employee incentive scheme must only be voted on a resolution required under the ASX Listing Rules if and to the extent: (a) they are held for the benefit of a nominated participant in the scheme; (b) the nominated participant is not excluded from voting on the resolution under the ASX Listing Rules; and (c) the nominated participant has directed how the securities are to be voted.

## **PROXIES**

Shareholders have the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes that each proxy is appointed to exercise. If a shareholder does not specify, then each proxy may exercise half of the shareholder's votes. A proxy form has been included with this Notice of Meeting. Proxy voting instructions are provided with the proxy form.

**You may submit your proxy form online by visiting [www.investorvote.com.au](http://www.investorvote.com.au).** To use the online facility you will require the secure access information set out on your proxy form. You will be taken to have duly executed the proxy form if you lodge it in accordance with the instructions prior to 10:00 am (Sydney time) on Sunday, 27 November 2022. Custodians who are subscribers of Intermediary Online, please submit your votes electronically via [www.intermediaryonline.com](http://www.intermediaryonline.com).

Completed proxies can also be lodged with the Company's share registry, Computershare Investor Services Pty Limited:

**by hand:** Level 3, 60 Carrington Street, Sydney NSW 2000

**by post:** GPO Box 242, Melbourne VIC 3001

**by facsimile:** 1800 783 447 within Australia or +61 3 9473 2555 outside of Australia

Duly completed proxies must be received by no later than **10:00 am (Sydney time) on Sunday, 27 November 2022**.

## **POWER OF ATTORNEY**

If a shareholder has appointed an attorney to attend and vote at the Meeting, or if a proxy form is signed by an attorney, a certified copy of the power of attorney must likewise be received by Computershare Investor Services Pty Limited or the Company by no later than 10:00 am (Sydney time) on Sunday, 27 November 2022 by one of the means listed above.

## **CORPORATE REPRESENTATIVES**

If a corporate shareholder wishes to appoint a person to act as a representative at the Meeting, a completed "Appointment of Corporate Representative" form must be received by Computershare Investor Services Pty Limited or the Company by no later than 10:00 am (Sydney time) on Sunday, 27 November 2022 by one of the means listed above. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## **APPOINTMENT OF THE CHAIR OF THE MEETING OR OTHER KEY MANAGEMENT PERSONNEL AS YOUR PROXY**

Due to voting exclusions and requirements referred to in this Notice of Meeting, if you intend to appoint a member of the KMP or their closely related parties other than the Chair of the Meeting as your proxy, please ensure that you direct them how to vote on resolution 1, resolution 5, resolutions

6a to 6c (inclusive), and resolutions 7a to 7c (inclusive) by marking either “For”, “Against” or “Abstain” on the proxy form for the relevant resolution of business. If you do not direct such a proxy how to vote on those resolutions, they will not be able to vote an undirected proxy and your vote will not be counted. This does not apply to the Chair of the Meeting, who is able to vote undirected proxies where he or she is expressly authorised to do so on the proxy form.

If the Chair of the Meeting is appointed, or taken to be appointed, as your proxy, you can direct the chair of the Meeting to vote “For”, “Against”, or to “Abstain” from voting on, any of the resolutions by marking the appropriate box opposite the relevant resolution on the proxy form. However, if the Chair of the Meeting is your proxy and you do not mark any of the boxes opposite any of the resolutions, your undirected proxies held by the Chair will be taken as an express authorisation for the Chair to vote as he or she decides (even though the resolution may be directly or indirectly connected with the remuneration of a member of the KMP), in which case the Chair of the Meeting intends to vote in accordance with the stated intention below.

#### **HOW THE CHAIR OF THE MEETING WILL VOTE UNDIRECTED PROXIES**

Subject to the law, the Chair of the Meeting will vote undirected proxies on, and in favour of, all resolutions stated in this Notice of Meeting. Shareholders can appoint the Chair of the Meeting as their proxy to vote contrary to this stated intention or to abstain from voting on a resolution. Shareholders are encouraged to direct their proxies how to vote.

**By order of the Board**



**Mr David McGarvey,**  
Company Secretary and Chief Financial Officer

29 October 2022

## EXPLANATORY STATEMENT

### Financial report, directors' report and auditor's report

#### Purpose of consideration

The financial report, directors' report and the auditor's report of the Company for the financial year ended 30 June 2022 are contained in the Company's 2022 Annual Report, available at <https://www.pharmaxis.com.au/investor-centre/annual-reports/>.

Shareholders will be provided with a reasonable opportunity to ask questions about and to make comments on the reports, and the business and management of the Company. Shareholders are not required to approve these reports so there will be no formal resolution put to the shareholders at the Meeting.

Shareholders will also be given a reasonable opportunity to ask questions of the Company's external auditor in relation to the conduct of the audit of the Company, the preparation and content of the auditor's report, the accounting policies adopted and the independence of the auditor.

### Resolution 1 - Remuneration Report

#### Purpose of approval

Section 250R(2) of the Corporations Act requires that shareholders vote in respect of the adoption of the Company's remuneration report at each annual general meeting of the Company. The remuneration report is set out in section 2 of the Company's 2022 Annual Report, available at <https://www.pharmaxis.com.au/investor-centre/annual-reports/>.

Section 250R(3) of the Corporations Act provides that the vote on the resolution is advisory only and does not bind the Company's board of directors (**Board**) or the Company. The Board will continue to consider and take into account the outcome of the vote and feedback from shareholders on the remuneration report when reviewing the Company's remuneration policies. The Chair of the Meeting will allow a reasonable opportunity for shareholders as a whole to ask questions about, and make comments on, the remuneration report at the Meeting before calling for a vote.

#### Board recommendation

The Board unanimously recommends that shareholders vote in favour of resolution 1.

### Resolution 2 - Re-election of Dr Kathleen Metters as a non-executive director

#### Background

Kathleen M. Metters PhD was appointed to the Board of Directors in June 2017. Dr Metters has over 25 years of experience in the discovery and development of novel therapies for treatment of serious diseases. She is currently working as an independent biopharma consultant, as senior advisor for New York-based Bridge Medicines, as a Non-Executive Director for Aslan Pharmaceuticals Ltd. and an independent board member for HemoShear Therapeutics.

From 2011 to 2014, Dr Metters was President and Chief Executive officer for Lycera Corp., a biopharmaceutical company pioneering innovative approaches to novel oral medicines for treatment of autoimmune diseases and cancer. From 1988 to 2011, Dr Metters was employed by Merck & Co. In 2009, she was appointed to head External Discovery and Preclinical Sciences, created to expand Merck's scientific network to the greater research community in academia, biotechnology, and government, building partnerships in life sciences, medicine, engineering, and information technology. From 2005 to 2009, Dr Metters was head of Worldwide Basic Research for Merck & Co. with oversight of research activities at major sites around the globe; across all therapeutic modalities and therapeutic areas. From 2002 to 2005, Dr Metters was head of research at Merck Frosst, Canada. During this time, she was the Basic Research Therapeutic Area Head for the Respiratory Franchise and from 2003 to 2005 was chair of the Respiratory Worldwide Business Strategy Team, reporting directing to the CEO, with responsibility for the discovery, development and commercialization strategy for respiratory products. Prior to that Dr Metters worked in research focused on the arachidonic acid cascade which resulted in the development of SINGULAIR®, a once-daily oral therapy for asthma and allergic rhinitis. For her work on SINGULAIR®, she was one of the team of scientists who won the Prix Galien Canada 2000 for excellence in innovative research. Dr Metters graduated with a B.S. in biochemistry from the University of Manchester Institute for Science and Technology, and a Ph.D. from Imperial College of Science and Technology

in London. She completed post-doctoral training at the Centre National de la Recherche Scientifique in France and at the Clinical Research Institute of Montréal.

Dr Metters is Chair of the Audit Committee.

In considering Dr Metters suitability for re-election, the Board has considered the specific time commitments of Dr Metters' other responsibilities and has determined that those other responsibilities do not conflict with Dr Metters commitments to the Company. Additionally, the Board considers that Dr Metters prior extensive experience in the discovery and development of novel therapies and biopharma consulting complements the Board's existing skills and experience.

Purpose of approval

In accordance with the requirements of the ASX Listing Rules and the Company's constitution, Dr Metters will retire and offer herself for re-election at the Meeting. If re-elected, Dr Metters term of appointment will be until the end of the third annual general meeting following her re-election or three years (whichever is longer), subject to the constitution of the Company, the ASX Listing Rules and the Corporations Act.

Board recommendation

The Board (with Dr Metters abstaining) unanimously recommends that shareholders vote in favour of this resolution 2.

### Resolution 3 – Ratification of issue of shares under Tranche 1 Placement

Background

On Wednesday, 19 October 2022, the Company announced that it was undertaking a placement of fully paid ordinary shares (**Shares**) to institutional investors to raise approximately A\$10 million (**Placement**). The Placement is being conducted in two tranches:

- an initial placement of 82,370,942 Shares (**Tranche 1 Shares**) to institutional investors to raise approximately A\$4,942,256, which was completed on 26 October 2022 (**Tranche 1 Placement**); and
- a subsequent placement of an additional 84,295,725 Shares (**Tranche 2 Shares**) to institutional investors to raise approximately A\$5,057,743 which, subject to shareholder approval, is anticipated to complete on or about 5 December 2022 (**Tranche 2 Placement**).

The issue price under the Placement is A\$0.06 per share, which represents a 23.1% discount to the closing price of the Company's shares on Monday, 17 October 2022, being the last closing price prior to the announcement of the Placement and a 24.8% discount to the 5 day volume weighted average price (**VWAP**) of \$0.080. Immediately prior to the issue of the Tranche 1 Shares, the Company had 549,139,613 fully paid Shares on issue, of which the Tranche 1 Shares represent approximately 15% and the Tranche 2 Shares represent approximately 15.4%.

The Company is seeking shareholder ratification for the issue of the Tranche 1 Shares pursuant to ASX Listing Rule 7.4.

Purpose of approval

In general terms, ASX Listing Rule 7.1 provides that a listed company must not issue or agree to issue equity securities that total more than 15% of its fully paid ordinary shares in a 12 month period without the approval of its shareholders (**15% Capacity**), subject to certain exceptions.

However, ASX Listing Rule 7.4 allows an issue of securities made without shareholder approval to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1, if the issue did not breach ASX Listing Rule 7.1 and is subsequently ratified by the shareholders.

Accordingly, if shareholders ratify the issue of Tranche 1 Shares by way of approving resolution 3, the Tranche 1 Shares will be treated to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1, and will no longer be counted towards the Company's 15% Capacity. This effectively refreshes the Company's 15% Capacity in respect of the Tranche 1 Shares, and the Company will be able to issue further equity securities up to its 15% Capacity in the next 12 months without requiring shareholder approval.

If resolution 3 is not passed, it will not have any effect on the Tranche 1 Placement, but the Company will not be able to issue further equity securities without shareholder approval under ASX

Listing Rule 7.1 for 12 months following the issue of the Tranche 1 Shares, unless an exception in the Listing Rules apply.

The Directors consider it to be in the best interests of the Company to maintain the Company's ability to issue equity securities up to its 15% Capacity under ASX Listing Rule 7.1.

#### Details of the Tranche 1 Placement

The Tranche 1 Shares were issued under the Company's 15% Capacity on 26 October 2022.

The following information, in respect of the issue of Tranche 1 Shares under the Tranche 1 Placement, is provided for the purposes of ASX Listing Rule 7.5:

- **Recipients of the securities:** The Tranche 1 Shares were issued to a small group of international and domestic institutional investors who subscribed under the Tranche 1 Placement following a process conducted by the Company's joint lead managers, Bell Potter Securities Limited and Morgans Corporate Limited (**Joint Lead Managers**).

The following substantial holder of the Company received Tranche 1 Shares: Karst Peak Capital Limited.

Other than as stated above, none of the following were issued more than 1% of the issued capital of the Company under the Tranche 1 Placement – a related party of the Company, a member of the Company's key management personnel, a substantial holder of the Company, an adviser to the Company, or an associate of any of the foregoing.

- **Number and class of securities issued:** 82,370,942 fully paid ordinary shares in the Company were issued under the Tranche 1 Placement.
- **Fully paid ordinary shares:** The Tranche 1 Shares are fully paid ordinary shares in the Company and rank equally with the Company's existing Shares on issue.
- **Date on which the securities were issued:** The Tranche 1 Shares were issued on 26 October 2022.
- **Price of the securities:** The Tranche 1 Shares were issued at A\$0.06 per share. The Company received a total of approximately A\$4,942,256 as consideration for the issue of the Tranche 1 Shares.
- **Purpose of the issue and intended use of the funds raised:** The purpose of the issue was to raise funds. The Company intends to use the proceeds raised through the Tranche 1 Placement towards the Company's current clinical study in myelofibrosis as well as other clinical studies in scarring, liver cancer and Parkinson's disease, for general working capital purposes and to fund the expenses associated with the Placement.

#### Board recommendation

The Board unanimously recommends that shareholders vote in favour of resolution 3.

## **Resolution 4 – Approval of issue of shares to under Tranche 2 Placement**

#### Background

Details of the Tranche 2 Placement are set out in the notes to resolution 3 in this Explanatory Statement.

#### Purpose of approval

Under ASX Listing Rule 7.1, the Company must not issue or agree to issue equity securities in excess of its 15% Capacity within a 12 month period without the approval of its shareholders, subject to certain exceptions. Issues of equity securities made with prior shareholder approval are not included in the Company's 15% Capacity.

The Company is seeking shareholder approval to issue the Tranche 2 Shares to institutional investors under the Tranche 2 Placement, for the purposes of ASX Listing Rule 7.1. The Joint Lead Managers have secured commitments to subscribe for the Tranche 2 Shares under the Tranche 2 Placement, subject to shareholder approval being obtained.

If resolution 4 is not passed by shareholders, the Company will not be able to proceed with the Tranche 2 Placement, and will not be able to raise the proposed funds under the Tranche 2 Placement.

If both resolutions 3 and 4 are passed, then none of the Tranche 1 Shares or Tranche 2 Shares will count towards the Company's 15% Capacity, and the Company will preserve the flexibility of being able to issue further equity securities over the next 12 months (within the 15% Capacity), without the delays involved with seeking prior shareholder approval. Other than the Placement and the issuances of other securities described in this Explanatory Statement, the Board has not made a decision to undertake any further issue of Shares. The Board will only undertake further issues of equity securities if the Board considers it is in the best interests of the Company to do so.

Details of the proposed Tranche 2 Placement

The following information, in respect of the proposed issue of Tranche 2 Shares under the Tranche 2 Placement, is provided for the purposes of ASX Listing Rule 7.3:

- **Recipients of the securities:** The Tranche 2 Shares are to be issued to a small group of international and domestic institutional investors who subscribe for Tranche 2 Shares under the Tranche 2 Placement following a process conducted by the Joint Lead Managers.

The following substantial holders of the Company will receive Tranche 2 Shares – Karst Peak Capital Limited and D&A Income, Ltd.

Other than as stated above, none of the following will be issued more than 1% of the issued capital of the Company under the Tranche 2 Placement – a related party of the Company, a member of the Company's key management personnel, a substantial holder of the Company, an adviser to the Company, or an associate of any of the foregoing.

- **Number and class of securities issued:** A maximum of 84,295,725 fully paid ordinary shares in the Company will be issued under the Tranche 2 Placement.
- **Fully paid ordinary shares:** The Tranche 2 Shares will be fully paid ordinary shares in the Company and will rank equally with the Company's existing Shares then on issue.
- **Date on which the securities will be issued:** The Tranche 2 Shares are anticipated to be issued on or around 5 December 2022 and in any case, no later than 3 months after the date of the Meeting.
- **Price of the securities:** The Tranche 2 Shares will be issued at A\$0.06 per share. The Company is expected to receive up to a total of A\$5,057,743 as consideration for the issue of the Tranche 2 Shares.
- **Purpose of the issue and intended use of the funds raised:** The purpose of the issue is to raise funds. The Company intends to use the proceeds raised through the Tranche 2 Placement towards the Company's current clinical study in myelofibrosis as well as other clinical studies in scarring, liver cancer and Parkinson's disease, for general working capital purposes and to fund the expenses associated with the Placement.

Board recommendation

The Board recommends that shareholders vote in favour of resolution 4.

**Resolution 5 – Approval of the grant of Performance Rights to Mr Gary Phillips**

Background

The Company is proposing to grant Mr Gary Phillips 2,771,000 zero grant price and zero exercise price options (**Performance Rights**) pursuant to the terms and conditions of the Company's performance rights plan, which is governed by the Company's existing employee option plan (**Performance Rights Plan**). Further information about our remuneration framework for executive officers, including the use of performance rights, is set out in the remuneration report contained in the 2022 Annual Report.

Purpose of approval

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme: (i) a director of the company; (ii) an associate of a director of the company; or (iii) a person whose relationship with the company or a person referred to under (i) or (ii) is such that, in ASX's opinion, the acquisition should be approved by shareholders, in each case, unless it obtains the approval of its shareholders.

The 15% Capacity requirements of ASX Listing Rule 7.1 are described above. ASX Listing Rule 7.2 provides that ASX Listing Rule 7.1 does not apply to an issue of securities made with the approval of holders of the Company's ordinary shares under ASX Listing Rule 10.11 or 10.14. Additionally, Exception 13(b) of ASX Listing Rule 7.2 provides that Listing Rule 7.1 does not apply in relation to, among other things, an issue of securities under an employee incentive scheme if within 3 years before the date of the issue the holders of the entity's ordinary securities approved the issue of securities under the scheme as an exception to Listing Rule 7.1, to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the notice of meeting. The Company's Option Plan (the same plan also known as the Performance Rights Plan when used to grant Performance Rights) was approved by shareholders at the Company's 2021 annual general meeting.

The grant of Performance Rights to Mr Phillips, falls within ASX Listing Rule 10.14 and accordingly requires approval of shareholders.

If shareholder approval for resolution 5 is obtained, the Company will be able to proceed with the grant of the Performance Rights to Mr Phillips as outlined in this Explanatory Statement. If shareholder approval is not obtained, the Performance Rights proposed to be granted to Mr Phillips will not be granted and the Board may need to consider alternative long-term deferred incentives for Mr Phillips (such as cash-based incentives).

#### Details of the proposed grant

**The name of the person:** Mr Gary Phillips or his nominee(s).

**Category the person falls into:** Mr Gary Phillips is the Company's Chief Executive Officer and Managing Director and falls in the category set out in ASX Listing Rule 10.14.1 as he is a director of the Company and his nominee(s) would be his associate and would fall in the category set out in ASX Listing Rule 10.14.2.

**The number and class of securities proposed to be issued for which approval is being sought:** 2,771,000 Performance Rights. The quantum of Performance Rights granted to participants in the Performance Rights Plan is calculated by the Board with reference to a percentage of the participant's salary based on responsibility within the Company, and the Company's share price. In calculating the quantum of Performance Rights to be granted to the Chief Executive Officer the relevant percentage is 30%.

**Details (including the amount) of the director's current total remuneration package:** Mr Phillips total remuneration package is detailed in the financial statements of the Company. Mr Phillips' current total remuneration package consists of: (i) an annual base salary of \$457,257 plus superannuation of \$58,012; (ii) a variable cash incentive up to 30% of annual base salary; and (iii) equity remuneration in the form of Performance Rights (as approved by shareholders).

**The number of securities that have previously been issued to the person under the scheme and the average acquisition price (if any) paid by the person for those securities:** Excluding the Performance Rights for which the Company is seeking approval at this Meeting, since commencing as an employee of the Company in 2003, Mr Phillips has been granted an aggregate total of 11,601,000 options over ordinary shares of which 4,148,750 have lapsed and 4,508,000 have been exercised into ordinary shares in the capital of the Company. The options previously granted to Mr Phillips consist of 10,346,000 Performance Rights and 1,255,000 market priced options with a zero grant price and an average exercise price of \$1.65.

**A summary of the material terms of the securities:** Refer to the summary of the terms of the Option Plan/ Performance Rights Plan at the end of this Explanatory Statement for relevant details of the terms of the Performance Rights. The Performance Rights have a life of 10 years and will vest in two equal tranches at each of 30 June 2024 and 2025 subject to Mr Phillips being an eligible person on those dates. An "eligible person" for the purposes of the Performance Rights Plan means any person considered by the Board to be employed by the Company or any subsidiaries of the Company whether full time, part time or on a long term casual basis and includes all executive and non-executive directors. While Mr Phillips is the Company's Chief Executive Officer, restrictions will apply to the shares issued on exercise of Performance Rights, including that the shares may only be traded following Board approval. Additionally, any shares acquired on exercise of the Performance Rights which are capable of vesting on 30 June 2024 are not able to be traded until 30 June 2025, and then only after Board approval. Any shares acquired on exercise of the Performance Rights which are capable of vesting on 30 June 2025 may only be traded after Board approval.

As noted in the 2022 Remuneration Report, Performance rights grants to all plan participants including Mr Phillips between 2018 and the prior grant of performance rights in 2021 included a provision whereby the Board assessed corporate performance based on long term focussed annual corporate objectives achieved in the financial year in the performance rights were granted. Performance rights lapsed on 30 June in the financial year in which they were granted to the extent the long term focussed subset of corporate objectives were not met. As also noted in the 2022 Remuneration Report the Board considers that the majority of the Company's short term corporate objectives also have significant long term performance consequences and are already assessed and rewarded by way of the Company's short term incentive program. The Board has determined to remove the lapsing provisions from future grants of performance rights to all plan participants including Mr Phillips. The Board considers that corporate performance will directly impact the Company's share price and thereby directly impact the remuneration of plan participants. Therefore, the corporate performance lapsing condition described above does not apply to the proposed grant of Performance Rights to Mr Phillips the subject of this Meeting.

**Why that type of security is being used and the value the Company attributes to that security and its basis:** The Board considers that Performance Rights are widely accepted in the Australian context to provide equity remuneration to management and employees. Performance rights typically provide lower potential rewards to managers and employees when compared to traditional options, but by also reducing the risk for employees they provide a stable equity remuneration instrument to retain and reward employees over the longer term, and as such, are an appropriate type of security to be used for the purpose of incentivising Mr Phillips. The Company attributes a value of \$228,608 to the Performance Rights for which approval is sought, which is calculated based on the 30 calendar day VWAP prior to the day of the Board resolution to grant the Performance Rights (being 17 October 2022), and assuming that they fully vest.

**The date or dates on or by which the entity will issue the securities:** The Performance Rights would be granted on 29 November 2022 (unless the Meeting is deferred, in which case they will be granted as soon as practicable after the Meeting, but in any case, no later than 3 years after the date of the Meeting).

**The price at which the entity will issue the securities to the person:** The Performance Rights have a zero grant and zero exercise price.

**A summary of the material terms of the scheme:** Refer to summary at the end of this Explanatory Statement.

**A summary of the material terms of any loan that will be made to the person in relation to the acquisition:** The Company will not provide any loans in connection with the grant or exercise of Performance Rights.

**Disclosure in annual report and future issues:** Details of any securities issued under the Company's Option Plan/Performance Rights Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Option Plan/Performance Rights Plan after this resolution is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under that rule.

**Voting exclusion statement:** A voting exclusion statement for resolution 5 is set out in the Notes and Important Information section of the Notice of Meeting.

Board recommendation

The Board (with Mr Phillips abstaining) unanimously recommends that shareholders vote in favour of resolution 5.

**Resolutions 6a to 6c (inclusive) - Approval of the grant of ZEPOs to Non-Executive Directors**

Background

For the financial year ended 30 June 2022, the fees for non-executive directors were: (i) an annual cash fee of \$100,000 including any applicable statutory superannuation for the Chairman, Mr McComas, with no additional payments for serving on Board committees; and (ii)

an annual cash fee of \$70,000 including any applicable statutory superannuation for each other non-executive director, Drs Graham and Metters, with no additional payments for serving on Board committees. The Company has not granted options to non-executive directors for some time.

The Board has recently reviewed the use of equity as part of non-executive director remuneration, and wishes to vary the remuneration structure for its non-executive directors so that:

- a) each non-executive director be given the flexibility, at the advanced election of the relevant non-executive director, to receive their base remuneration (currently a cash fee of \$100,000 inclusive of superannuation for the Chairman and a cash fee of \$70,000 inclusive of superannuation for each non-executive director) wholly in cash (as is currently the case), in a combination of cash and equity or wholly in equity. The equity being in the form of zero grant price and zero exercise price options (**ZEPOs**). To give effect to this revised approach, if a non-executive director wishes to receive some or all of their base remuneration in ZEPOs with respect to a financial year, that non-executive director will be required to provide a written advanced election in the prior financial year which nominates how they want their base non-executive director remuneration to be provided in the following financial year. Given the timing of shareholder approval, the proposal for the financial year ending 30 June 2023 only applies to the remuneration applicable to the period 1 January 2023 to 30 June 2023 and accordingly the election must be provided prior to 31 December 2022. If a director elects to receive some or all of their remuneration in ZEPOs, the number of ZEPOs to be granted (if any) will be determined by dividing the value of ZEPOs elected to be taken up by the relevant non-executive director in the relevant financial year (not to exceed the then current aggregate base director remuneration) by the 5 trading day VWAP prior to: (i) in the case of the financial year ending 30 June 2023, 31 December 2022; and (ii) in the case of each subsequent financial year, 30 June immediately prior to the commencement of the relevant financial year. The ZEPOs would have a term of 5 years and will vest in equal quarterly instalments such that any ZEPOs granted in any given financial year would vest in that same financial year in which they are granted, subject to the non-executive director continuing to be an eligible person (as defined in the summary of the Option Plan at the end of this Explanatory Statement) for the purposes of the Option Plan at the relevant time. The structure provides non-executive directors the ability to increase their equity in the Company providing further potential equity alignment with shareholders of the Company while also providing the potential for reduced cash outlays by the Company. Approval for the grant of ZEPOs is being sought under resolutions 6a to 6c (inclusive); and
- b) in addition to the base non-executive director remuneration referred to in a) above, the Company is proposing to grant each non-executive director three million (3,000,000) options over ordinary shares in the capital of the Company (**NED Options**). The NED Options would have a term of 5 years and would vest in equal quarterly instalments over 3 years, subject to the non-executive director continuing to be an eligible person for the purposes of the Option Plan at the relevant time. The NED Options would be granted for zero grant price and would have an exercise price per NED Option that is a 51% premium to the 5 trading day VWAP prior to the date the relevant non-executive director accepts the offer of such NED Option (which offer will not occur until after receipt of relevant shareholder approval). Approval for the grant of NED Options is being sought under resolutions 7a to 7c (inclusive).

The grant of ZEPOs to the Company's non-executive directors falls within ASX Listing Rule 10.14 and accordingly requires approval of shareholders. Further information about ASX Listing Rule 10.14 is set out above in the explanatory notes to resolution 5.

If shareholder approval is obtained for a particular resolution 6a, 6b or 6c, the relevant ZEPOs to which the resolution relates will be granted to the director (or their nominee) to which that resolution relates. If shareholder approval is not obtained for any of these resolutions, the relevant ZEPOs to which the resolution relates will not be granted to the director (or their nominee) to which that resolution relates. In such case, the Board may consider alternative appropriate remuneration structures for that director.

Details of the proposed grant of ZEPOs to which resolutions 6a to 6c (inclusive) relate

**The names of the persons:** Mr Malcolm McComas or his nominee(s) (resolution 6a), Dr Neil Graham or his nominee(s) (resolution 6b) and Dr Kathleen Metters or her nominee(s) (resolution 6c),

**Category the person falls into:** Each of these persons falls in the category set out in ASX Listing Rule 10.14.1 as they are a director of the Company and their nominee(s) would be their associate and would fall in the category set out in ASX Listing Rule 10.14.2.

**The number and class of securities proposed to be issued for which approval is being sought:** If a non-executive director wishes to receive some or all of their base remuneration in ZEPOs with respect to a financial year, that non-executive director will be required to provide a written advanced election in the prior financial year which nominates how they want their base non-executive director remuneration to be provided in the following financial year. Given the timing of shareholder approval, the proposal for the financial year ending 30 June 2023 only applies to the remuneration applicable to the period 1 January 2023 to 30 June 2023 and accordingly the election must be provided prior to 31 December 2022. If a director elects to receive some or all of their remuneration in ZEPOs, the number of ZEPOs to be granted (if any) will be determined by dividing the value of ZEPOs elected to be taken up by the relevant non-executive director in the relevant financial year (not to exceed the then current aggregate base director remuneration) by the 5 trading day VWAP prior to: (i) in the case of the financial year ending 30 June 2023, 31 December 2022; and (ii) in the case of each subsequent financial year, 30 June immediately prior to the commencement of the relevant financial year.

*Worked example:* If a non-executive director who receives \$70,000 of base remuneration elected to receive \$40,000 worth of their base remuneration in the form of ZEPOs for the financial year ending 30 June 2024, they would need to provide notice of their election prior to 30 June 2023. Accordingly, for the financial year ending 30 June 2024 that non-executive director would receive: i) \$30,000 in cash in equal quarterly instalments provided they are a non-executive director at the relevant time; and ii) at the start of the financial year ending 30 June 2024 they would receive \$40,000 worth of ZEPOs which would vest in 4 equal quarterly instalments, subject to the non-executive director continuing to be an eligible person for the purposes of the Option Plan at the relevant vesting time. The number of ZEPOs to be issued would be calculated by dividing \$40,000 by the 5 trading day VWAP prior to 30 June 2023.

**Details (including the amount) of the director's current total remuneration package:** For the financial year ended 30 June 2022, the fees for non-executive directors were: (i) an annual cash fee of \$100,000 including any applicable statutory superannuation for the independent non-executive chairman, Mr McComas, with no additional payments for serving on Board committees; and (ii) an annual cash fee of \$70,000 including any applicable statutory superannuation for each other non-executive director, Drs Graham and Metters, with no additional payments for serving on Board committees.

**The number of securities that have previously been issued to the person under the scheme and the average acquisition price (if any) paid by the person for those securities:** Excluding the NED Options and ZEPOs for which the Company is seeking approval as described in this Explanatory Statement, neither Dr Graham nor Dr Metters has received any securities under the Option Plan/ Performance Rights Plan. Between 2003 and 2006, Mr McComas was granted an aggregate total of 240,000 options with a zero grant price of which 40,000 lapsed and 200,000 were exercised for aggregate exercise consideration of \$62,500.

**A summary of the material terms of the securities:** Refer to the summary of the terms of the Option Plan/ Performance Rights Plan at the end of this Explanatory Statement. The ZEPOs have a life of 5 years and will vest in equal quarterly instalments such that they are fully vested in the same financial year as the ZEPOs are granted, subject to the non-executive director continuing to be an eligible person for the purposes of the Option Plan at the time of vesting. If a holder of ZEPOs ceases to be an eligible person, all of his or her ZEPOs which have not yet vested lapse and all ZEPOs which have already vested lapse after 90 days if not exercised. Trading of shares issued on exercise will be subject to the Company's Share Trading Policy.

**Why that type of security is being used and the value the Company attributes to that security and its basis.** The ZEPOs structure provides non-executive directors the ability to increase their equity in the Company providing further potential equity alignment with shareholders of the Company. The approach also provides flexibility for reduced cash outlays by the Company. The value of any ZEPOs granted in any given financial year will be that portion of a non-executive

director's base remuneration that such director elects to be granted in the form of ZEPOs (based on the 5 trading day VWAP prior to: (i) in the case of the financial year ending 30 June 2023, 31 December 2022; and (ii) in the case of each subsequent financial year, 30 June immediately prior to the commencement of the relevant financial year. The aggregate maximum value of ZEPOs that a non-executive director could be granted in a financial year is the then total base remuneration (currently a cash fee of \$100,000 inclusive of superannuation for the Chairman and a cash fee of \$70,000 inclusive of superannuation for each non-executive director) based on the 5 trading day VWAP as described above. As noted above, given the timing of shareholder approval, the proposal for the financial year ending 30 June 2023 only applies to the remuneration applicable to the period 1 January 2023 to 30 June 2023 (i.e. 50% of each non-executive director's annual remuneration).

**The date or dates on or by which the entity will issue the securities:** If a non-executive director provides advance election to be granted ZEPOs for a given financial year, such ZEPOs would be granted promptly following the calculation of the relevant VWAP (as described above) for that financial year. Unless further shareholder approval is obtained, no ZEPOs will be granted later than three years after the date of the Meeting.

**The price at which the entity will issue the securities to the person:** Each ZEPO will have a zero grant and zero exercise price.

**A summary of the material terms of the scheme:** Refer to summary at the end of this Explanatory Statement.

**A summary of the material terms of any loan that will be made to the person in relation to the acquisition:** The Company will not provide any loans in connection with the grant or exercise of the ZEPOs.

**Disclosure in annual report and future issues:** Details of any securities issued under the Company's Option Plan/Performance Rights Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Option Plan/Performance Rights Plan after any of these resolutions 6a to 6c is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under that rule.

**Voting exclusion statement:** A voting exclusion statement for resolutions 6a to 6c (inclusive) is set out in the Notes and Important Information section of the Notice of Meeting.

Board recommendation

The Board recommends that shareholders vote in favour of resolutions 6a to 6c (inclusive), with:

- Mr McComas abstaining from making a recommendation in respect of resolution 6a;
- Dr Graham abstaining from making a recommendation in respect of resolution 6b; and
- Dr Metters abstaining from making a recommendation in respect of resolution 6c.

**Resolutions 7a to 7c (inclusive) - Approval of the grant of NED Options to Non-Executive Directors**

Background

Background to the proposed grant of NED Options are set out in the notes to resolutions 6a to 6c in this Explanatory Statement.

The Company is seeking approval to grant each non-executive director three million (3,000,000) options over ordinary shares in the capital of the Company, referred to as **NED Options**. The NED Options would have a term of 5 years, and would vest in equal quarterly instalments over 3 years, subject to the non-executive director continuing to be an eligible person for the purposes of the Option Plan at the relevant vesting time. The NED Options would be granted for zero grant price and would have an exercise price per NED Option that is a 51% premium to the 5 trading day VWAP prior to the date the relevant non-executive director accepts the offer of such NED Option (which offer will not occur until after receipt of relevant shareholder approval).

The Company has not granted any options to non-executive directors for a number of years and considers it is now appropriate to grant NED Options to the non-executive directors.

The grant of NED Options to the Company's non-executive directors falls within ASX Listing Rule 10.14 and accordingly requires approval of shareholders. Further information about ASX Listing Rule 10.14 is set out above in the explanatory notes to resolution 5.

If shareholder approval is obtained for a particular resolution 7a, 7b or 7c, the relevant NED Options to which the resolution relates will be granted to the director (or their nominee) to which that resolution relates. If shareholder approval is not obtained for any of these resolution, the relevant NED Options to which the resolution relates will not be granted to the director (or their nominee) to which that resolution relates. In such case, the Board may consider alternative appropriate remuneration structures for that director.

#### Details of the proposed grant

**The names of the persons:** Mr Malcolm McComas or his nominee(s) (resolution 7a), Dr Neil Graham or his nominee(s) (resolution 7b) and Dr Kathleen Metters or her nominee(s) (resolution 7c).

**Category the person falls into:** Each of these persons falls in the category set out in ASX Listing Rule 10.14.1 as they are a director of the Company and their nominee(s) would be their associate and would fall in the category set out in ASX Listing Rule 10.14.2.

**Details (including the amount) of the director's current total remuneration package:** Refer to the details set out in connection with resolutions 6a to 6c (inclusive).

**The number of securities that have previously been issued to the person under the scheme and the average acquisition price (if any) paid by the person for those securities:** Refer to the details set out in connection with resolutions 6a to 6c (inclusive).

**A summary of the material terms of the securities:** Refer to the summary of the terms of the Option Plan/ Performance Rights Plan at the end of this Explanatory Statement. The NED Options would have a term of 5 years, and would vest in equal quarterly instalments over 3 years, subject to the non-executive director continuing to be an eligible person for the purposes of the Option Plan at the relevant time. The NED Options would be granted for zero grant price and would have an exercise price per NED Option that is a 51% premium to the 5 trading day VWAP prior to the date the relevant non-executive director accepts the offer of such NED Option (which offer will not occur until after receipt of relevant shareholder approval). If a holder of NED Options ceases to be an eligible person all of his or her NED Options which have not yet vested lapse and all NED Options which have already vested lapse after 90 days if not exercised. While each non-executive director is a director, trading of shares issued on exercise will be subject to the Company's Share Trading Policy.

**Why that type of security is being used and the value the Company attributes to that security and its basis.** The Company considers that the grant of NED Option is reasonable and appropriate in order to attract and retain high quality directors, particularly directors with US pharmaceutical/biotech experience and to further align their interests with the creation of value for shareholders of the Company. The Company also considers that the NED Options do not conflict with the obligation of the directors to bring independent judgement to bear. Consistent with the recommendations in the ASX Corporate Governance Principles and Recommendations, the NED Options do not have any performance hurdles attached. The Board considers that NED Options are widely accepted in the Australian context to provide equity incentives to both employees and directors.

As the value is based on a future calculation it is not possible to provide a precise value at this time. To provide some guidance, using a 51% premium to the closing price of \$0.078 on 17 October 2022 (being the closing price prior to announcement of the Placement), the value the Company ascribes based on a Black- Scholes model would be approximately \$0.027 per NED Option or approximately \$81,000 in the aggregate for 3,000,000 NED Options (being \$27,000, per year divided over the three year vesting period). For the purposes of this Black-Scholes calculation, the Company has assumed an exercise price of \$0.1178, a term of 5 years and that all NED Options fully vest, a risk-free interest rate of 3.10%, volatility of 50% and a dividend yield of 0%.

**The date or dates on or by which the entity will issue the securities:** The NED Options would be granted on 29 November 2022 (unless the Meeting is deferred, in which case they will be granted as soon as practicable after the Meeting, but in any case, will not be later than 3 years after the date of the Meeting).

on the expiry of 12 months after the death of the optionholder. In accordance with the Option Plan /Performance Rights Plan, if a formal takeover offer is made for the Company, all options which have not yet vested, automatically vest.

*Rights attaching employee options*

The options do not confer a right to notices of general meetings (except as may be required by law) or a right to attend, speak or vote at general meeting. A holder of options may only participate in new issues of securities in respect of options which have been exercised and ordinary shares issued prior to the record date for the entitlements to the new issue.

*Changes to issued capital*

In the event of a consolidation, subdivision or similar reconstruction of our issued share capital, the number of shares to which a holder of options is entitled on exercise of an option will be adjusted in the same proportion as our issued share capital is consolidated, subdivided or reconstructed (as applicable) and an appropriate adjustment will be made to the exercise price with the effect that the total amount payable on an exercise of all options by each holder will not change. If any pro-rata offer is made by the Company to at least all holders of shares, the exercise price of the relevant employee options will be reduced according to a formula set out in the Option Plan/ Performance Rights Plan. If the Company makes a bonus issue of shares to ordinary shareholders, the number of shares over which the employee options are exercisable may be increased by the Board by the number of shares the relevant option holder would have received if the option had been exercised prior to the record date of the bonus issue. If the Company makes a return of capital to its shareholders generally, the exercise price of the options will be proportionately reduced by the amount of the return of capital.

*Restrictions on options*

Except by transmission on death or with the prior written consent of our Board, options may not be transferred, encumbered, assigned or otherwise disposed of by the relevant holder. The Company seeks quotation of any shares issued on exercise of an option on the Australian Securities Exchange. The Option Plan/ Performance Rights Plan may be amended by the Board, subject to any necessary approvals under the Corporations Act and ASX Listing Rules. The Corporations Act and the ASX Listing Rules prevail over the Option Plan/ Performance Rights Plan to the extent of any inconsistency.

## Need assistance?

 **Phone:**  
1300 855 080 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT) on Sunday, 27 November 2022.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 181871**

**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Pharmaxis Ltd hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Pharmaxis Ltd to be held as a virtual meeting on Tuesday, 29 November 2022 at 10:00am (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 5, 6a, 6b, 6c, 7a, 7b, and 7c (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 5, 6a, 6b, 6c, 7a, 7b, and 7c are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 5, 6a, 6b, 6c, 7a, 7b, and 7c by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain		For	Against	Abstain	
1	Adoption of the Remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6b	Approval of the grant of ZEPOs to Dr Neil Graham, non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Dr Kathleen Metters as a non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6c	Approval of the grant of ZEPOs to Dr Kathleen Metters, non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Ratification of issue of shares under Tranche 1 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7a	Approval of the grant of NED Options to Mr Malcolm McComas, independent non-executive chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval of issue of shares under Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7b	Approval of the grant of NED Options to Dr Neil Graham, non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Approval of the grant of Performance Rights to Mr Gary Phillips, Managing Director and Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7c	Approval of the grant of NED Options to Dr Kathleen Metters, non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6a	Approval of the grant of ZEPOs to Mr Malcolm McComas, independent non-executive chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address  By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically